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HD **A prime opportunity to re-evaluate Trans Mountain**
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The federal government's Throne Speech focuses on climate action as a cornerstone of its green recovery strategy to rebuild the Canadian economy after COVID-19.

While including measures such as promoting zero-emission vehicles and cleaner energy sources, the strategy says little about the future of fossil fuel production in Canada and the government's decision to build an oil pipeline remains an open question.

The hard truth is that fossil fuels face a challenging future. In a just-released forecast, energy giant BP provided three scenarios, ranging from a small decline in oil demand to a nearly 80-per-cent decline by 2050. The International Energy Agency's pre-COVID-19 forecasts range from a small growth in demand under stated policies to a 30-per-cent decline by 2040 to meet the Paris accord's climate-change objectives.

While the future remains uncertain, however, one thing is clear: Robust growth in oil demand has come to an end.

Canadian oil companies are telling that story by cutting their capital spending. Teck Resources recently cancelled its \$20-billion Frontier oil sands mine, while other companies such as French oil giant Total have written off \$9.3-billion of their oil sands investments.

By contrast, the federal government is increasing its investment in the sector. Indeed, in 2018, it announced a deal to purchase the Trans Mountain pipeline and expansion project from Kinder Morgan Canada; the cost of that decision to taxpayers has risen to more than \$12.6-billion.

Investing in Trans Mountain in the face of falling demand and rising costs is not only financially imprudent, but also inconsistent with Canada's future green recovery and broader climate-change commitments.

That is why we are among the more than 100 experts who have signed a letter urging the Canadian government to do a new, independent cost-benefit study to determine if the Trans Mountain pipeline remains economically viable and in Canada's public interest.

Surprisingly, the government has never provided a public costbenefit analysis of Trans Mountain to justify its investment of taxpayer funds, even though this project is among the largest single public investments that it has made.

The government may point to the National Energy Board (NEB) review as a justification for proceeding. However, the NEB report was based on economic information submitted prior to 2016, which does not take into account the dramatic weakening in oil demand and the doubling of Trans Mountain construction costs that have since occurred.

The federal government may also argue that the recent decline in oil demand is temporary and will rebound as the economy recovers. But as the forecasts of BP and the International Energy Agency show, this is highly unlikely.

Even without the COVID-19 pandemic and the ensuing decline, the IEA was forecasting a modest 400,000 barrels-a-day (b/d) expansion of Canadian production by 2030.

Meanwhile, companies such as Enbridge and TC Energy are expanding their existing pipelines by more than 1.1 million barrels a day – more than enough to meet Alberta's demand to get oil to market without any additional cost to taxpayers.

Adding 590,000 b/d from a taxpayer-financed Trans Mountain – not to mention the 830,000 b/d from Keystone XL – risks simply creating redundant pipeline capacity.

But what about getting higher prices in Asia with Trans Mountain? The case for that is weak.

Heavy oil gets higher prices in the U.S. Gulf than in Asia because U.S.

Gulf refineries have the highest demand for heavy oil in the world.

We acknowledge that the oil sector will remain an important component of the Canadian economy for some time, and that Alberta and other oil-producing regions are suffering and need assistance. But as former Bank of Canada governor Mark Carney and others have warned, continuing to build fossil-fuel capacity in a world transitioning to a lowcarbon economy will only create stranded assets that threaten global financial stability.

As the Throne Speech states, the world has changed. We cannot expect the fossil-energy sector to return to being the driver of Canada's fortunes. Instead, our public investments must help regions such as Alberta build a more resilient, diversified and low-carbon economy that is ready for the future, not the past.

That is why we are asking the federal government, as part of its green strategy, to press pause on the expansion of Trans Mountain and complete a fully independent benefit-cost analysis. The Trans Mountain expansion is still in its early stages, with just more than 5 per cent of the pipeline built; it is not too late to re-evaluate the wisdom of proceeding and to identify a more sustainable and financially sound path forward.

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